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# House Panel May Confront Reagan Over Secrecy of CIA Studies

By George Lardner Jr.  
Washington Post Staff Writer

A House subcommittee may confront President Reagan on a question of secrecy this week by pressing for publication of CIA documents on the extent of Arab investments in the United States.

Reagan has formally refused to permit disclosure of the studies on the grounds that their release "would be likely to cause grave injury to our foreign relations or would compromise sources and methods of intelligence gathering."

Rep. Benjamin S. Rosenthal (D-N.Y.), the subcommittee chairman, fired back last week by introducing a resolution calling on the House to overrule Reagan and authorize publication with only a few deletions to protect "specific intelligence sources and methods."

Rosenthal and his aides contend that the degree of secrecy the administration has insisted upon is "ludicrous." They say most of the documents consist of analytical studies similar to those regularly published by private institutions such as the Chase Manhattan Bank.

The dispute, if it reaches the floor, would constitute the first such showdown since 1976, when the House sided with the Ford administration and voted to suppress its own Intelligence Committee's controversial and heavily leaked report on misdeeds of the CIA.

Rosenthal hopes to win the first test in his Government Operations subcommittee on monetary affairs, possibly on Thursday. "I think it's going to be a very, very close vote," he said. "But I think thoughtful members will vote to sustain our position."

At issue are 17 studies, dating back to 1974, with titles such as "Problems With Growing Arab Wealth" and "Kuwait: Awash With Oil Money."

Three of the reports, including a 1980 article entitled "OPEC: Official Foreign Assets Mount Rapidly," have been completely suppressed by the CIA so far.

Rosenthal contends that the CIA studies are especially important because they "shed light on subjects often shrouded in mystery," such as "the potential for increasing OPEC government influence in the United States."

The State and Treasury departments, by contrast, have repeatedly asserted "that there is no basis for concern in the recycling of petrodollars" in this country.

Rosenthal's subcommittee has been studying the foreign investment issue for two years. Official estimates have put total foreign investment in the United States at about \$65 billion by the end of 1980, but expert witnesses have told the subcommittee that holdings by Saudi Arabia, Kuwait and other Arab members of the Organization of Petroleum Exporting Countries could themselves be two to three times greater, between \$150 and \$200 billion.

According to Rosenthal, U.S. policy toward OPEC investment, almost all of it tax-free, was shaped by a decision in 1974 by Treasury Secretary William E. Simon to offer Saudi Arabia, Kuwait, and other Arab OPEC nations "a pledge of secrecy in exchange for their commitment to make large investments in the United States."

In any case, Treasury and State documents obtained by the subcommittee reflect a distaste for financial disclosure on the part of unnamed Middle Eastern governments and a ready deference on the part of U.S. officials.

For instance, one report printed by the subcommittee, evidently a Treasury Department document about "(deleted)" Saudi assets in the United States and foreign branches of U.S. banks, was clearly stamped "SECRET." Such a classification constitutes an assertion that unauthorized disclosure of such details "reasonably could be expected to cause serious damage to the national security."

Subcommittee counsel Stephen R. McSpadden said that when the inquiry started in 1979 the CIA wanted "complete veto power" over what CIA documents the subcommittee could publish, but the agency eventually settled for the same kind of agreement it uses with House and Senate intelligence committees.